

P R 132204Z JUN 08
FM SECSTATE WASHDC
TO AMEMBASSY BEIJING PRIORITY
INFO MISSILE TECHNOLOGY CONTROL REGIME COLLECTIVE

S E C R E T STATE 064254

E.O. 12958: DECL: 06/13/2033
TAGS: [PARM](#) [MTCRE](#) [PREL](#) [ETTC](#) [CH](#) [IR](#)

SUBJECT: (S) FOLLOWING-UP WITH THE PRC ON ITS
INVESTIGATION OF LIMMT; PROVIDING ADDITIONAL INFORMATION
ON FIRM'S ASSISTANCE TO IRANIAN MISSILE PROGRAM

REF: A. 06 BEIJING 2983
[B.](#) 06 STATE 38396
[C.](#) 06 BEIJING 4561
[D.](#) 06 BEIJING 4854
[E.](#) 06 STATE 118552
[F.](#) 06 STATE 167376
[G.](#) 06 BEIJING 21333
[H.](#) 07 STATE 28429
[I.](#) 07 BEIJING 1625
[J.](#) MAY 18 2007 - ZARING - JOHNSON E-MAIL
[K.](#) 07 BEIJING 5039
[L.](#) 07 STATE 111099
[M.](#) 07 BEIJING 5269
[N.](#) 07 BEIJING 5361
[O.](#) 07 BEIJING 7630
[P.](#) BEIJING 189
[Q.](#) STATE 14066
[R.](#) BEIJING 481
[S.](#) BEIJING 609
[T.](#) BEIJING 716
[U.](#) BEIJING 886
[V.](#) U.S.-PROVIDED NON-PAPER 06-05-08
[W.](#) BEIJING 2322

Classified By: ISN/MTR DIRECTOR PAM DURHAM FOR REASONS
1.4 (B), (C) AND (D).

[1.](#) (U) This is an action request. Embassy Beijing,
please see paragraph 5.

[2.](#) (S) Background/Objectives: Since February 2006, we
have repeatedly discussed with China our concerns
regarding the proliferation-related trading activities
of the Chinese firm Dalian Sunny Industries, which is
also known as LIMMT (Refs). This activity has included
supplying Iran's solid-fueled ballistic missile
developer Shahid Bakeri Industrial Group (SBIG) with
graphite cylinders and tungsten powder likely
controlled by the Missile Technology Control Regime
(MTCR), as well as providing SBIG with tungsten copper
alloy ingots that could be used to produce missile jet
vanes. We have explained to Chinese officials on
numerous occasions that these activities could result
in the imposition of sanctions pursuant to U.S. law.

[3.](#) (S) Most recently, during June 4 talks in Beijing,
Acting Under Secretary John Rood reiterated U.S.
concerns concerning LIMMT, highlighting the fact that a
decision to sanction LIMMT is currently pending (Refs V
& W). Rood advised Chinese authorities that he wanted
to discuss the matter directly with them before the
case is decided, and strongly urged China to provide
the United States with information on the actions the
PRC is taking with respect to its investigation of
LIMMT. He noted that the United States had recommended
that China close down LIMMT or curtail its ability to
export any goods, and made clear that any information
provided would be taken into consideration as part of
the sanctions review. Chinese officials responded that
the MFA would soon be sharing information on LIMMT with
the U.S. Embassy.

[4.](#) (S) Objectives: We want to follow-up on Acting U/S

Rood's discussion of the LIMMT case and request that China provide information on its enforcement action by June 27. We also want to share new information indicating that LIMMT continues to supply missile-useful materials to Iran.

15. (S) Action Request: Request Embassy Beijing approach appropriate host government officials to deliver talking points in paragraph 6 and report response. Post should advise Chinese officials that we look forward to receiving substantive information on China's investigation that includes a description of corrective measures being taken by the PRC against LIMMT and that we will consider any information China provides as part of our sanctions review, but that we need to receive such information by June 27 if it is to have any bearing on the pending sanctions case. Post should also underline our concerns about new information indicating that LIMMT has not ceased its efforts to supply SBIG with items of proliferation concern, including tungsten copper plates, graphite, and a large quantity of guidance and navigation equipment.

16. (S) Begin talking points/non-paper:

(SECRET REL CHINA)

-- We would like to follow-up with you on an ongoing case of missile proliferation concern.

-- On many occasions since February 2006, we have discussed with you our serious concerns regarding the proliferation-related trading activities of the Chinese firm Dalian Sunny Industries (which is also known as LIMMT (Dalian) Metallurgy and Minerals co. Ltd. or LIMMT (Dalian FTZ) Economic and Trade Organization).

-- This activity has included supplying Iran's solid propellant ballistic missile developer Shahid Bakery Industrial Group (SBIG) with graphite cylinders and tungsten powder likely controlled by the Missile Technology Control Regime (MTCR), as well as tungsten copper alloy that could be used to produce missile jet vanes.

-- As we advised you in February 2008, LIMMT's procurement of tungsten powder, graphite cylinders, tungsten copper alloy plates and other items for SBIG continued at least through the end of 2007.

-- We also reminded you that sanctions could be imposed against LIMMT for these activities.

-- In response to this information, you indicated that your government's investigation was ongoing; that administrative measures had been imposed against LIMMT and its head, Karl Lee; and that the matter would be dealt with in accordance with Chinese law. You also urged the United States not to impose sanctions on LIMMT.

-- During his recent talks in Beijing, U.S. Acting Under Secretary John Rood reiterated U.S. concerns about LIMMT, and reminded your government that a decision to impose nonproliferation sanctions on LIMMT is currently pending.

-- Acting U/S Rood urged your government to provide information on the actions you are taking with respect to your investigation of LIMMT, so this information may be considered during the sanctions review.

-- He also repeated our previous suggestion that you consider closing down LIMMT or taking measures to curtail its ability to export items.

-- In response, your government indicated that the

Ministry of Foreign Affairs would soon be sharing information on LIMMT with the U.S. Embassy.

-- We look forward to receiving this information, and hope that it includes details on corrective measures being taken against LIMMT.

-- As we have noted before, any such information will be taken into consideration as part of our sanctions review.

-- However, we need to receive this information by June 27 if it is to have any bearing on the pending sanctions case.

-- We would also like to provide you with additional information indicating that the LIMMT continues its work to export sensitive items to Iranian entities of concern.

-- Specifically, we understand that as of late April 2008, LIMMT had shipped several more consignments of items to SBIG, including over 100 tungsten copper plates, and 350 pieces of graphite. LIMMT was also planning to ship additional consignments of graphite and tungsten copper to SBIG in the near future.

-- Moreover, as of late April, LIMMT appeared to be negotiating the sale of a large quantity of guidance and navigation equipment to SBIG.

-- LIMMT representatives may be utilizing contacts in the Iranian Embassy in Beijing to facilitate these negotiations.

-- We hope this information will be useful to you in your export control efforts and that you will consider it in your enforcement proceedings against LIMMT.

-- We look forward to hearing from you soon on the actions your government takes in response to this information. We will consider any such actions as part of our sanctions review.

End talking points/non-paper.

18. (U) Washington POC is ISN/MTR John Paul Herrmann (Phone: 202-647-1430). Please slug any reporting on this issue for ISN and EAP.

19. (U) A word version of this document will be posted at www.state.sgov.gov/demarche.
RICE

NNNN

End Cable Text